



January 28, 2011

To: Executive Board

Subject: **Fiscal Year 2011 Financial Statements and Investment Summary –
December 2010**

Recommendation

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2011.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the six months of the fiscal year ending June 30, 2011.

Foothill Transit's cash position of \$54.7 million is \$2.2 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include a \$2.3 million decrease in accounts payable. Sources of cash consisted of decrease in due from other governments of \$4.2 million, \$165,000 decrease in account receivable and \$70,000 of excess operating funding over operating expenses.

December 2010 fare revenues were \$1.3 million, which is 3.8 percent more than the monthly budgeted amount. This is the sixth month in which revenues have exceeded the monthly budgeted amount. It is difficult to isolate the factors responsible for this increase. A fare increase was implemented along with service refinements to improve fare revenues. The combination of these factors may have positively impacted fare revenues more than reflected in the budget. Recent economic forecasts are also indicating an improvement; however unemployment continued to remain at double digits.

Operating costs through December were \$29.8 million, which is \$2.3 million less than the budget. These costs are \$3.1 million or 9.6 percent less than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as December 31, 2010 shows total assets at \$215.2 million. This total consists primarily of \$158.1 million in fixed assets and \$54.7 million in cash and investments. The cash and investments balances include \$5.0 million invested in the Local Agency Investment Fund (LAIF), \$30.4 million in non-interest bearing accounts

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held with Bank of the West, \$10.0 million in an interest bearing account with Bank of the West, \$3.3 million with Chase, \$4.0 million invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss and in an interest bearing account that is secured with required collateral. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of December 2010 was 0.462 percent; slightly more than the previous month's rate of 0.454 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in two years, LAIF interest rates have continued a downward trend.

Liabilities

The accounts payable balance is \$6.5 million. \$5.8 million of this amount represents the amount due and payable to the operations and maintenance contractors for December and November services. Other amounts payable include fuel costs of \$433,000 and Monrovia Dial-A-Ride service of \$45,000.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

December 2010 fare revenue of \$1.3 million was 3.8 percent more than the monthly budgeted amount and \$81,000 less than November 2010 revenue. The monthly average revenue through December is \$1.4 million or 4.1 percent more than the prior year monthly average.

December revenues continue the positive trend experienced since the beginning of the fiscal year. December year-to-date revenues are 9.8 percent more than the previous year and 10.6 percent more than the budget; and the average monthly revenue is 4.1 percent more than Fiscal Year 2010 average monthly revenue. These could be indicators that the economy may be improving, even though recent unemployment figures have indicated increased unemployment.

State and Local Funding Subsidies of \$27.0 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 8.19 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

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Expenses

December 2010 year-to-date operating expenses were \$29.8 million, compared with the budget of \$32.2 million. This difference of approximately \$2.3 million resulted in a 7.25 percent favorable variance. The majority of this favorable variance is the result of fuel cost savings of \$ 1.8 million and reduced contractor costs of \$540,000. It should be noted that the December 2010 year-to-date expenses of \$29.8 million are \$3.2 million less than the prior fiscal year.

Farebox Recovery Ratio

The December 2010 year-to-date farebox recovery ratio was 28.70 percent. This is 6.15 percent more than the performance target of 22.55 percent. The farebox recovery ratio was derived by dividing the total fare revenue figure of \$8,564,814 by the total operating expense figure of \$29,843,390. This ratio has decreased 0.13 percent from the November 2010 figure of 28.83 percent.

Sincerely,



Richard Hasenohr
Director of Finance



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of December 31, 2010

Assets

Current Assets:

Cash	\$ 40,445,232
Investment - LAIF	14,276,423
Due from government agencies	586,969
Other receivables	1,319,912
Other assets	436,178
Total Current Assets	<u>57,064,714</u>
Property & Equipment (net of depreciation)	158,094,018
Total Assets	<u><u>\$ 215,158,731</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,548,144
Current portion of long term debt	
Long Term debt:	1,000,000
Deferred Revenue	20,230,497
Total Liabilities	<u>27,778,642</u>

Equity

Investment in Fixed Assets (net):	
Fund Balance:	<u>187,380,090</u>
Total Equity	<u>187,380,090</u>
Total Liabilities and Equity	<u><u>\$ 215,158,731</u></u>

Summary of Cash and
Investment Account
For December 30, 2010

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$22,423,564	\$22,423,564
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market			10,002,904	10,002,904
Bank of the West-Excise Tax	N/A	Demand Deposit	3,991,237	3,991,237
Bank of the West-CTAF ³ Fund	0.750%	Demand Deposit	327,302	327,302
Bank of the West-Bus. Checking	N/A	Demand Deposit	3,698,323	3,698,323
Subtotal Cash on Hand			40,445,232	40,445,232
Unrestricted Investments:				
Chase Business Saving	0.760%	Demand Deposit	3,296,755	3,296,755
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Treasury Bills			1,996,158	1,996,158
LAIF Investment	0.090%	Demand Deposit	4,983,510	4,983,510
Subtotal Unrestricted Investments			14,276,423	14,276,423
Total Cash and Investments			<u>\$54,721,654</u>	<u>\$54,721,654</u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended December 31, 2010

	Actual December-10	Budget December-10	Variance Favorable (Unfavorable)	Actual December-09
Operating Revenue				
Farebox	\$5,368,156	\$5,439,100	(1.30%)	\$5,088,593
Pass Sales	1,477,189	1,107,550	33.37%	936,285
TAP Cash Purse	1,117,617	592,700	88.56%	868,297
MetroLink	14,516	11,100	30.77%	
EZ Transit Pass	587,336	589,650	(0.39%)	901,985
Total Operating Revenue	8,564,814	7,740,100	10.66%	7,795,160
Non-Operating Revenue				
FTA Sec 5307 Operating	682,308	2,500,000		
FTA Sec 5307 ARRA	397,988	1,000,000	(60.20%)	
Transportation Development Act (TDA)	7,127,006	6,905,000	3.22%	8,169,924
STA	5,327,279	1,850,000	187.96%	2,330,596
Prop A 40% Discretionary	6,370,393	5,791,400	10.00%	6,021,618
Prop A & C Interest	(10,918)			1,719,298
Prop A 40% BSCP	939,001	1,461,600	(35.76%)	1,670,731
Prop C Base Restructuring	870,546	780,000	11.61%	834,726
Prop C BSIP	405,300	316,500	28.06%	395,608
Prop C Transit Service Expansion	145,067	113,300	28.04%	141,598
Transit Security-Operating	271,880	272,700	(0.30%)	335,185
Measure R Operating	3,705,336	3,233,900	14.58%	2,214,570
Excise Tax Credit				
Auxiliary Revenue	787,778	750,000	5.04%	1,285,030
Total Non-Operating Revenue	27,018,963	24,974,400	8.19%	25,118,884
Total Revenue	35,583,777	32,714,500	8.77%	32,914,044
Available Capital Funding				
Capital Grants	13,459,317			2,300,096
Other				
Total Revenue and Capital Funding	49,043,094	32,714,500		35,214,140
OPERATING EXPENSES				
Operations	25,306,958	27,784,600	8.92%	28,642,705
Marketing and Communications	634,887	613,300	(3.52%)	547,404
Information Technology	631,378	652,300	3.21%	425,278
Administration	935,886	911,750	(2.65%)	1,042,472
Sales and Service	832,638	845,950	1.57%	804,189
Finance	516,832	534,950	3.39%	502,395
Safety and Security	313,602	379,250	17.31%	353,794
Planning	292,419	331,200	11.71%	356,364
Building Management	378,789	123,700	(206.22%)	361,172
Total Operating Expenses	29,843,390	32,177,000	7.25%	33,035,773
Capital and Other Expenses				
Capital	13,424,857		N/A	2,168,656
Interest			N/A	
Dial-A-Ride	192,986		N/A	294,839
Special Services	142,312		N/A	312,975
Other Misc. expense	23,969		N/A	
Total Capital and Other Expenditures	13,784,124		N/A	2,776,470
Increase (Decrease) of Revenues Over Expenditures	\$ 5,415,580			\$ (598,103)